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OGC HAS REVIEWED.

11 August 1952

MEMORANDUM FOR: Mr. Wisner

SUBJECT : Patent Rights

With reference to the Agency policy concerning patents and patent rights, I would like to make the following comments:

The research and development work in the Agency will probably not involve contracting for patentable devices in any very large quantities and it is probable that contractors for the work of [REDACTED] will be relatively small firms. Such firms are not anxious to undertake work for the government in view of the limitations on profits and the general lack of commercial value of the devices which they may be asked to develop and produce. This situation tends to eliminate the most desirable contractors who find it more profitable to work and develop equipment which has a commercial future.

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Since the primary object of [REDACTED] is to obtain the highest quality of technical design and construction, it is felt that some additional incentive must be found to assure high grade of work. It is felt that patent rights constitute an attractive form of payment in addition to dollars which might be very effective in securing high grade contractors. Basically, patents were originated to stimulate industrial development and they have proven to be a powerful factor in our technological advancement. The government can always be protected by shop rights and seldom has any use or opportunity to capitalize on the patent itself. If, therefore, residual commercial rights can be used as a trading asset to secure greater

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interest and skill leading to a higher quality of product, the Agency should certainly avail itself of this opportunity.

I would, therefore, recommend that the policy of the Agency be kept flexible and that patent rights be considered in the light of some form of payment to secure the best product. In so doing it will best serve the needs of [REDACTED] and the Agency as a whole.

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I have suggested to Mr. Houston that we might well discuss this matter with Mr. R. J. Deaborn who was called in by Mr. Forrestal during the last war to formulate a patent policy for the Navy. Mr. Houston is arranging to discuss the matter with him on his return from leave.

I believe that the patent policy of this Agency will have an important bearing on the success of the work of OTS and I also believe that it should be formulated with the main objective in view.

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Enclosure

Memo ER-3-0965, dtd.
16 Jul 52, fr. ADD/A
to DD/P, sub: "Patent
Rights", with attachments
as stated.

cc: Mr. Lawrence R. Houston

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(SENDER WILL CIRCLE CLASSIFICATION TOP AND BOTTOM)

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REMARKS: DD/P has reviewed
[REDACTED] paper and Concurs
in his views. DD/P asks that
you act for him on DD/A
memo of 16 July

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